

MANAGEMENT MEMO

SUBJECT:	NUMBER: MM 04-03
	DATE ISSUED: JANUARY 1, 2004
MOTOR VEHICLE LIABILITY SELF-INSURANCE PROGRAM	EXPIRES: DECEMBER 31, 2004
	ISSUING AGENCY: DGS
REFERENCES: State Administrative Manual Section 2420	

This Management Memo announces a modification to the self-insurance coverage afforded when vehicles are driven on state business by non-salaried state personnel, such as volunteers and students.

Since its inception in July 1977, the Office of Risk and Insurance Management (ORIM) has administered this program and provided unlimited third-party liability self-insurance coverage for accidents involving any authorized driver.

The program has recently experienced a dramatic increase in the settlement costs of accidents involving non-salaried personnel, such as volunteers and students, driving on state business. The program can no longer afford to provide unlimited liability coverage for these accidents.

Effective January 1, 2004, when a non-salaried driver is involved in a motor vehicle accident while on state business, the program's coverage will be limited to \$1 million per accident, regardless of the ownership of the vehicle. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million.

The ORIM retains authority and case management control over the investigation, legal defense and monetary resolution of all motor vehicle liability claims against the State.

State Administrative Manual (SAM) Section 2420 will be amended to reflect this coverage limitation.

Should you have any questions concerning this memorandum, please contact Kimberly Hunt, ORIM Claims Manager, at (916) 376-5423 or email at kim.hunt@dgs.ca.gov.

Original signed by William J. Jefferds, Ed.D.

William J. Jefferds, Ed.D.
Director, Department of General Services